

LEAJAK

Concrete Construction Inc.

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April 26, 2012

King 5 News
333 Dexter Ave. N.
Seattle, WA 98109

Attn: Ms. Susannah Frame
Reporter

Re: King 5 News Story "Fraud on the Job" aired on April 23, 2012

Ms. Frame:

Leajak Concrete Construction Inc. has been in business since 1994 as a successful and legitimate DBE contractor. Leajak has completed hundreds of projects either as a general contractor or more typically as a subcontractor. Leajak has worked for nearly every major contractor in the Puget Sound marketplace as well as dozens of public agencies. Placing and finishing concrete has always been and continues to be the primary book of business.

Your "Fraud on the Job" story fails to inform the reader/viewer that Leajak's primary book of business is concrete placement and finishing and that Leajak's primary DBE certification is for this scope of work. My company has successfully completed projects big and small, high profile and low profile, and in numbers too numerous to detail here. What is consistent on all of these projects is that they were completed by Leajak personnel with Leajak-provided equipment and managed by Leajak personnel. Importantly, Leajak had the risk of loss for all this work. We provided the contractually required insurance and in many cases, the contractually-required surety bond. We negotiated change orders, resolved claims, administered contracts and otherwise operated a fully functioning concrete business. In failing to mention these facts to your readers/viewers, you allowed an impression to be made that Leajak Concrete Construction, Inc. is a front company. Furthermore, your story indicates that Leajak has been awarded over \$8 million dollars in work since 2008 but failed to mention that over 95% of that \$8 million is for Leajak's concrete placement and finishing work and has absolutely no relationship to Leajak's concrete pumping operation. In light of the eight (8) months of investigation claimed by King 5, it seems inexplicable for King 5 to fail to mention that concrete pumping has been a very small portion of my company's annual volume of work.

In 2009, Leajak chose to diversify its business plan by adding concrete pumping to the services we offer customers. This was partially driven by the economic downturn and our need to expand our opportunities for more work. After reaching a tentative concept for an

equipment leasing arrangement, we consulted with the proper authorities to ensure compliance. The process was absolutely transparent.

Below is a factual description of Leajak's function in the concrete pumping operation as approved by the Washington State Office of Minority and Women Business Enterprises ("OMWBE"):

All material agreements for pumping services were between Leajak and the respective customers. These were master agreements that detailed the billing rates based upon the various types of equipment that our customers would be able to order. When a customer needed to schedule a concrete pump for a concrete placement, they would call Leajak's office. Leajak personnel at Leajak's office would take the order, schedule the pump and begin the process of tracking the actual work that was to take place at some future date. When the pump arrived at the site, the pump itself was a leased piece of equipment consistent with the leasing agreement that was provided to the OMWBE. The concrete pump operator was an employee on Leajak's direct payroll.

Leajak managed the contract administration and construction management of the concrete pumping operations. The field ticket information from each respective pump order would come into Leajak's office. Leajak personnel prepared the customer invoices. Leajak provided all cost control and accounting. Leajak submitted all invoicing to our customers. Leajak conducted all accounts receivable and collection functions. In short, Leajak did everything that a typical concrete pumping operation does that leases their concrete pumps. Further, Leajak had the risk of loss. If the concrete didn't meet specifications, was delivered late, disrupted the construction site or public access, violated an environmental permitting condition or otherwise failed to comply with contract requirements, the first place the general contractor would turn to for remedy was Leajak. The prime would look to Leajak to remedy violations of contract requirements, not to a leased equipment vendor.

In 2011, we provided concrete pumping services to three prime contractors on federally-funded projects. We received notice from OMWBE that Leajak did not have the proper NAICS code to allow concrete pumping as a DBE and thus, we could not be counted towards DBE utilization goals for that scope of work. We halted all concrete pumping work on these projects and it is our understanding the prime contractors substituted other DBEs to meet their DBE goals. This did not affect our role as a DBE subcontractor for our other NAICS codes, particularly, for concrete placement and finishing.

Thank you for your consideration of these facts.

Sincerely,

Fred Anderson
President
Leajak Concrete Construction Inc.